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ABSTRACT

Finding employment as an academic is becoming increasingly challenging for several reasons, including the tightening employment market and increases in the qualifications demanded of jobseekers and the pool of academically trained job seekers. A two-round Delphi study was therefore conducted to identify recruitment channels in the hidden labor market and the knowledge and skills that academics in Finland and elsewhere need in order to get a job. Fourteen experts returned the study questionnaire and participated in a virtual discussion forum via the Internet. According to the experts, the following factors affect recruitment from the hidden labor market: applicants' activity; applicants' qualifications; applicants' ability to market their qualifications; applicants' personal contacts; applicants' work experience; applicants' ability to utilize atypical employment; and funding raised by applicants or their information on possible funding sources. The experts believed that, compared with formal recruiting, informal recruiting saves time and money and results in the identification of higher-quality employees. The higher quality of employees hired through informal sources was explained through two theories the prescreening hypothesis and the realistic job information hypothesis. According to the experts surveyed, Finland's hidden labor market currently holds work opportunities for academics with active personalities and multiple skills. (20 references) (MN)

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THE HIDDEN LABOUR MARKET OF THE ACADEMIC

Background

Numerous studies have presented academic employment as a challenging subject in various ways. Nowadays work and society are changing rapidly as a consequence of technological developments and globalisation - amongst other things. Accordingly, the range of qualifications for jobs and the expectations employers have of employees become more demanding. The proportion of academically trained job seekers increases. This expansion of higher education further tightens the situation in the market.

On the level of the individual academic these changes and challenges mark a number of things. First of all, during the long academic training it is difficult for the student to predict what kind of knowledge and skills s/he will need in future work. After graduation, an academic degree does not necessarily guarantee steady employment. Nowadays, getting into a career typically means starting out in atypical employment: temporary employment or part time work – or starting out in jobs for which the academic are overeducated. And even if the academic gets a steady employment, it does not guarantee a “good old” linear career development. Academic career is turning into an ever more diverse creature. Workplaces, organisations, employers and tasks may change several times as a career progresses – further mixed with periods of training, unemployment or various pension arrangements.

Some of these challenges are highlighted during the period where graduates move from education to worklife. Here the standard of higher education, the individual characteristics of the job seeker and the demands of the employer meet. These three factors have been studied so that in some studies the focus has been on higher education, some on worklife, others on the labour market (see Brennan, Kogan & Teichler 1996).

In this presentation I will discuss the concepts of hidden labour market and open labour market and how they differ from each other. After that I will look into what it takes to find a job in the hidden labour market, and what benefits the hidden labour market offers for the employer and the job seeker. The empirical results of this presentation are based on *The hidden labour market of the academic* project, and I will start by giving a brief overview of the project.

Overview of the project setting

The main purpose of this project was to get an understanding of the so-called hidden labour market. The purpose was also to explore the nature of the recruitment channels in the hidden labour market and to find out the knowledge and skills that the academic needs in order to get a job. These themes were examined through two time perspectives, 1) the present and 2) the future (2005-2010).

The delphi method, which is commonly used in future studies, was used for collecting data in this project. Essential to the use of the delphi method is collection of information from experts. Usually information is collected in two or three rounds. As the collection of information proceeds from one round to another, better quality and in-depth information is received. In this study, information was collected in two rounds: 1) a questionnaire, and 2) a virtual discussion forum via the Internet. 84 experts returned the questionnaire and 14 experts took part in the virtual discussion forum (round 2).

For the study we selected informants (experts) from as many fields as possible. There were researchers, decision-makers, politicians, union members, people from the field of education (i.e. head master, personnel trainer, course designer) and people from the field of working life (i.e.

consultant and member of recruit unit, employers). The public, private and third sectors were all represented in this study.

The open labour market vs. the hidden labour market

The hidden labour market is a widely used concept among consulting business. Some of the Finnish and American consult enterprises estimate that even 70-80 % of applicants get a job from the hidden labour market. (Employment Resource Centre 1999; JobStar 1999a; Solanne 1999.) Because of this estimation it was important to examine the hidden labour market of the academic.

Generally, the hidden labour market has the same function as the open labour market because the hidden labour market also allocates workforce. The hidden labour market differs from the open one in the case of job vacancies and in the channel of job seeking. In the open labour market job vacancies are advertised, for example, in employment agencies and newspapers, and through these formal channels applicants get information about specific employment opportunities which are open. In the hidden labour market, job vacancies are unpublished and applicants have to find job opportunities through informal channels. Informal methods include, for example different contact networks (for example relatives and friends) and self-initiated application in job hunting.

The experts who have taken part in the project estimate that the hidden labour market consists of unpublicised job vacancies, work which waits to be done because of lack of time or lack of other resources, atypical forms of work, and new innovative work opportunities discovered in preparation for future demand.

The most essential feature of the hidden labour market is the unpublished job vacancies. This means that although organisations do not actively try to recruit new workers, they still might have open work opportunities. Employers can use their social networks as a recruitment channel instead of published advertisements if they want to recruit workers to these work tasks. Employers can also offer new tasks to someone who already works for the company and in that case the employers do not have to advertise the job vacancies. In addition to these the employer can also employ a self-initiated applicant who happens to be in the right place at the right time.

Lack of resources such as time and money may produce work opportunities to the hidden labour market. Half of the experts estimated that nowadays in the organisations there are plenty of tasks which are undone because of lack of time of the permanent staff. Sharing existent work tasks (for example two workers working as part time co-workers) also creates work opportunities and so do new projects – be they projects within one organisation or joint projects of two or more organisations or sectors.

Experts consider that there is work that waits to be done among research tasks, development tasks, marketing tasks, informing tasks, management tasks and human resource development tasks. It seems that there are good work opportunities for the academic because these tasks have traditionally been suitable for the academic. And if an active applicant takes contact with an employer s/he might get a job if s/he has appropriate knowledge or skills for the tasks in question. There are also hidden work opportunities which even the employer has not yet discovered. New innovations and new market areas may bring with them for example new research and development and marketing work in preparation for future demand.

Experts believe that lack of money commonly inhibits recruitment. Nowadays there would seem to be a lot of work that is left undone because of lack of funding. As a way of solving this problem organisations tend to look for outside funding from various sources, this being the case especially with projects.

Recruitment in the hidden labour market

According to experts the following factors contribute to recruitment from the hidden labour market: 1) activity of the applicant, 2) qualifications of the applicant, 3) the applicant's ability to market his/her qualifications, 4) personal contacts of the applicant 5) work experience of the applicant, 6) applicant's ability to utilise atypical employment and 7) funding raised by the applicant or the applicant's information of possible source for funding.

In order to be recruited in the hidden labour market the applicant has to be an active job seeker and an active salesman of his/her own qualifications. Although activity is central to all job seeking, it is more than ever emphasised in the hidden labour market as the applicant has to consciously utilise his personal contacts as a job seeking channel.

Experts think that work experience is another important recruitment criterion both in the open labour market and in the hidden one. Practical training was considered by experts to be a good means of acquiring work experience already during student years. In addition to this, practical training creates important contacts for future job seeking and so do the atypical employments. The most common forms of atypical employment in Finland are temporary and part-time work (Nätti 1997). The experts also emphasise that when employers recruit employees from the hidden labour market they are likely to offer them atypical employment, especially project employment. Atypical forms of work make it possible for the employer to test the qualifications of the employees, and at the same time the employees can market their knowledge and skills to the employer.

Lastly, as the experts thought that lack of money is a major recruitment obstacle, they made a radical suggestion of leaving the burden of funding responsibilities to the applicant. Applicants could bring their pay money with them, or at least have a serious game plan for finding financial support.

The concept of hidden labour market is not universally used in research. Earlier studies in finding jobs through personal contacts and self-initiated applications have used the term informal recruitment as distinguished from formal recruitment. Formal recruiting channels consist of for example public and private employment agencies, college placement bureaus and advertisements through different journals and media. The defining characteristic of formal recruitment is an impersonal intermediary between the firm and the prospective employee. In turn informal recruiting channels consist of different referrals such as employee referrals and referrals by friends or relatives and self-initiated applications such as walk-ins or write-ins. (Granovetter 1974, 11; Kirnan, Farley & Geisinger 1989; Marsden & Campbell 1990; Mencken & Winfield 1998.)

Why the employer should use informal recruitment channels

A number of studies have given different reasons why the employer and also the applicant might want to use informal recruitment instead of formal recruitment. Formal recruiting brings a large pool of applicants and that is a primary advantage to the employer. A large pool of applicants is advantageous because it is more likely to contain good candidates. The disadvantages of formal recruiting are financial cost and also the cost of the time it takes to recruit. (Bian & Ang 1997;

Mencken & Winfield 1998.) Informal recruiting instead saves the cost and time of the employer. The primary advantage in informal recruiting for employers is the quality of applicants. (Mencken & Winfield 1998; Kirnan, Farley & Geisinger 1989; see also Bian & Ang 1997.)

The higher quality of employees hired through informal sources can be explained by two theories 1) the prescreening hypothesis and 2) the realistic job information hypothesis. The prescreening hypothesis means that applicants referred by current employees are prescreened by these employees. Current employees have the benefit of knowing both the job and the individual. With this information they are in a good position to match jobs and applicants. That is why they are able to refer those applicants who are well qualified for the job. Additionally, current employees often feel that they have to refer qualified applicants because their reputation is at stake with that referral process. In some firms the employee who makes the recommendation receives a cash bonus. Generally speaking personal recommendations from trusted individuals is the best measure of applicant quality. (Bian & Ang 1997; Kirnan, Farley & Geisinger 1989; Mencken & Winfield 1998; see also Loudin & Lear-Olimpi 1998)

The realistic job information hypothesis means that applicants who are provided with realistic information regarding a job are more likely to get along on the job because their expectations are more likely to be met. Realistic information consists both of positive and negative information. Applicants who are hired through referrals from a current employee are more likely to hear honest feedback about the work and the organisation. They have better insight about the work tasks and the organisation than those who are hired through formal channels. Also the self-initiated applicants are high quality workforce because they take time to investigate the job on their own. Thus these self-initiated individuals are relatively highly motivated with a greater degree of job knowledge than applicants recruited via formal channels. (Kirnan, Farley & Geisinger 1989.)

How the applicants benefit from informal recruitment channels

Realistic information about work is as much of an advantage to the applicant as it is to the employer. Based on negative and positive information applicants can estimate their willingness to take the job in question. Job-seekers can for example weigh in their mind their expectations and qualifications in relation to work tasks and work place. And if the applicant, after careful consideration, is willing to commit to work, s/he is likely to perform well. In addition, Granovetter

(1974, 13) argues that those who have used personal contacts as a recruitment channel are most likely to say that they are very satisfied with their current job.

The primary advantage for applicants to use informal recruitment channels is that the ratio of supply and demand favours them. In other words, as the number of job seekers is lower, there is much less competition, and applicants have a better chance to get hired. In addition to finding jobs more effectively applicants in the hidden labour market are likely to get hired with less qualifications than in the open labour market. (Lindeboom, Van Ours & Renes 1994; see also Solanne 1999; JobStar 1999b.)

Finally

The hidden labour market is not a brand new phenomenon. Informal channels have always been used in job seeking. A current trend in consulting is to consciously utilise personal relations. Applicants are advised to keep in touch with their personal network in preparation for possible future need, and when the need arises, to mobilise job seeking on all fronts by systematically going through all the people who could somehow help with the recruitment. Even though such consulting advice reminds of bloody competition, the hidden labour market is not necessarily all about competition. Via the hidden market it is possible to allocate the right worker to the right place. This is beneficial both to the employee, who can get the work s/he is looking for, and to the employer, who can find a motivated worker. The whole recruitment process can become cost beneficial both in the short and in the long run.

As higher education is a major investment for both the individual and society, it is important for the educational system to be able to respond to labour market needs so that graduates are well equipped to use informal channels in order to find appropriate work.

At the moment in Finland there are some work opportunities for the academic in the hidden labour market. And according to experts the role of the hidden labour market will increase in the future. They also emphasise that the hidden labour market is the market for the academic with active personality and multiple skills already now and also in the future. In addition they predict that the role of applicant activity will further increase in the future. This is challenging news to the graduates and higher education system.

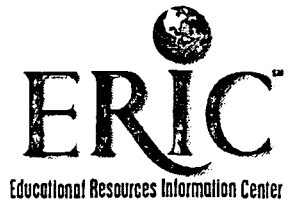
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